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ORIGINAL

TRANSCRIPT OF PROCEEDINGS

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Before the
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                  FEDERAL COMMUNICATIONS COMMISSION
                        Washington, D.C. 20554 OFFICE OF THE SECRETARY
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                                              MM DOCKET NO. 93-54
    IN RE:
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   APPLICATIONS OF
6
   GAF BROADCASTING CO., et al.
7
   New York, New York
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           The above-entitled matter came on for a pre-hearing
   conference pursuant to Notice before Judge Joseph Chachkin,
11
   Administrative Law Judge, at 2000 L Street, N.W., Washington,
    D.C., 20554, in Courtroom No. 4, on Friday, May 14, 1993 at
12
    9:06 a.m.
13
    APPEARANCES:
14
   On Behalf of GAF Broadcasting Company, Inc.
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      AARON I. FLEISHMAN, Esquire
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      CHRIS WOOD, Esquire
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    On behalf of Class Entertainment & Communications, L.P.
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      JOHN J. SCHAUBLE, Esquire
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   On behalf of The Fidelio Group, Inc.
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      HARRY F. COLE, Esquire
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Court Reporting Depositions D.C. Area (301) 261-1902 Balt. & Annap. (410) 974-0947

1	On behalf of the Mass Media Bureau
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25	Conference Began: 9:06 a.m. Conference Ended:	9:49 a.m.

1	PROCEEDINGS
2	JUDGE CHACHKIN: Good morning. Let's go on the record
3	This proceeding concerns applications of GAF Broadcasting
4	Company, Inc. for renewal of license of station WNCN(FM) in
5	New York and two competing applications. They are Class
6	Entertainment and Communications, L.P. and Fidelio Group, Inc.
7	May I have the appearances on behalf of the parties? On
8	behalf of GAF Broadcasting Company, Inc.?
9	MR. FLEISCHMAN: Aaron Fleischman, and my colleagues
10	Arthur Harding and Chris Wood, all from Fleischman & Walsh.
11	JUDGE CHACHKIN: On behalf of Class Entertainment and
12	Communications, L.P.?
13	MR. SCHAUBLE: Good morning, Your Honor, John J.
14	Schauble and Lewis I. Cohen of Cohen & Berfield, P.C.
15	JUDGE CHACHKIN: On behalf of the Fidelio Group, Inc.?
16	MR. COLE: Harry Cole, of the firm of Bechtel & Cole,
17	Chartered.
18	JUDGE CHACHKIN: On behalf of the Chief, Mass Media
19	Bureau?
20	MR. GOLDSTEIN: Norman Goldstein and Gary Schonman.
21	JUDGE CHACHKIN: I issued an order which was released
22	March 31st, 1993, in which I required the parties to get
23	together and try to reach some stipulations and explore dates
24	for proposed discovery as well as other, other aspects
25	procedural aspects of this proceeding.

I received a letter dated May 6th, 1993, which sets forth some of the procedures the parties want to follow in connection with discovery. And what is proposed here is that the parties -- the applicants have agreed to file joint and supplemental motions, production of documents within 20 days after the pre-hearing conference and that date would be June 3rd. And the parties also have agreed that production of documents would take place within 45 days after issuance of an order by the presiding judge. And the parties -- the applicants have also agreed to file their initial notices of deposition within 20 days after the pre-hearing conference.

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The statement -- the letter further recites that it is anticipated that the taking of depositions will commence in August at times and places to be agreed upon by, by the parties. It further states that counsel will be prepared to more fully address the -- this proposed schedule at the prehearing conference.

Have the parties reached some stipulation as to procedural dates?

MR. HARDING: Well, Your Honor, if I might, as a preliminary matter I'd like to -- we're going to be filing this letter today regarding a agreement of settlement between GAF and Class Entertainment that would look to the dismissal of Class's competing application and we would hope to be in a position to file documents in support of his settlement within

1  one week.	ı
2 JUDGE CHACHKIN: I thought under the Commission's	
3 procedures there reimbursement wasn't allowed? Am I wro	ıng?
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4 I thought competing applications could not receive monetary	
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I thought I'm the one who passes on 1 JUDGE CHACHKIN: 2 settlement agreements. Am I wrong? MR. HARDING: Well, we would defer to counsel for Class 3 4 since it's really their issue. JUDGE CHACHKIN: Well, they could, they could address 5 the matter if they wish right now. But what is the basis for 6 7 belief that the Commission is going to waive its rules and allow reimbursement where you've challenged the renewal 8 applicant? What is the basis for that? 9 10 MR. SCHAUBLE: Well, Your Honor, there -- the 11 settlement agreement would involve not only the, the 12 resolution of, of the portion of the proceeding that is before 13 Your Honor, before Your Honor, but also other pending 14 litigation. As Your Honor, as Your Honor probably knows, a 15 petition to deny was filed by Class against the renewal 16 application of GAF Broadcasting Company and the Commission's 17 substantive ruling denying that petition to deny was mostly 18 contained not in the hearing designation order but in a 19 separate order that was earlier issued by the Commission. 20 Class has taken a notice of appeal to the U.S. Court of 21 Appeals of the ruling on the petition to deny. 22 Now, under the Commission's rules petitions to deny 23 against renewal applications, reimbursement is allowed for 24 legitimate and prudent expenses. There was also another 25 portion of this proceeding, the allegations concerning the EEO

1	record of GAF which is not before Your Honor but has been
2	referred to the Mass Media Bureau's EEO Branch for further
3	consideration.
4	JUDGE CHACHKIN: I thought that the potential
5	intervener was the one who was pressing that matter. Am I
6	wrong?
7	MR. SCHAUBLE: Well
8	JUDGE CHACHKIN: I didn't know Class was the one that
9	was pressing it.
10	MR. SCHAUBLE: There were certain predesignation
11	pleadings that were filed concerning EEO matters.
12	JUDGE CHACHKIN: But you didn't initiate the
13	apparently the complaints about employment discrimination did
14	you?
15	MR. SCHAUBLE: We did not initiate the complaints,
16	that's correct.
17	JUDGE CHACHKIN: I mean you filed some comments? Is
18	that what you're saying?
19	MR. SCHAUBLE: I believe that's correct, Your Honor.
20	JUDGE CHACHKIN: But, but what's are you saying the
21	\$80,000 covers it, it is just exclusively for, for the
22	matter pending in the Court of Appeals and doesn't at all
23	involve any amounts involved in prosecuting your application
24	here? Is that the point you're making?
25	MR. SCHAUBLE: I don't believe it you know, we

1	haven't we don't
2	JUDGE CHACHKIN: I mean, in other words are you saying
3	you don't need a waiver of the existing Commission rules,
4	requirements?
5	MR. SCHAUBLE: No, I, I, I think we probably, I think
6	we probably will need a waiver of the rule and we'll
7	however, I think one of the, one of the arguments we would
8	make is that the, the you know, by allowing the
9	comprehensive settlement allowing, you know, the
10	comprehensive settlement of both the litigation relating the
11	petition to deny and this proceeding and to the extent that
12	expenses are relating to the petition to deny we believe that
13	would be a public interest factor supporting of a limited
14	waiver of, of the rules.
15	JUDGE CHACHKIN: How does the public interest benefit
16	Mr. Goldstein?
17	MR. GOLDSTEIN: I was just going to say is it
18	anticipated that the amount of settlement will be subject to
19	Commission approval, and if and if the Commission approves
20	any lesser amount the parties would be bound to that amount?
21	JUDGE CHACHKIN: Or approve no amount, let's take that
22	situation.
23	MR. GOLDSTEIN: Well, I was working my way down.
24	JUDGE CHACHKIN: All right. Well, we might as well
25	deal with reality.

1	MR. GOLDSTEIN: That's certainly our understanding.
2	MR. SCHAUBLE: Well, Your Honor, if you know, if the
3	Commission does not approve the does not approve any
4	payment that would in essence be rejecting the agreement
5	JUDGE CHACHKIN: No, it wouldn't.
6	MR. SCHAUBLE: and then the parties would
7	JUDGE CHACHKIN: Would what?
8	MR. SCHAUBLE: go forward.
9	JUDGE CHACHKIN: Well, unless you could show me any
10	precedent, I'm not prepared to grant certainly any payments.
11	It the law is clear. I know there's a pending request for
12	waiver in another proceeding, perhaps we'll be some
13	enlightenment there, but if the Commission rejects that I
14	think that'll be clear that the Commission means what it says,
15	that it's not going to allow reimbursement
16	MR. FLEISCHMAN: Your Honor?
17	JUDGE CHACHKIN: by to the challenges. Yes?
18	MR. FLEISCHMAN: Your Honor, as long as we've come this
19	far, the parties, that is GAF Broadcasting and, and Class
20	Entertainment, we would like to continue, make the filing and,
21	you know, we've come this far which we think is a, is a, is a
22	step that is in the public interests and make the filing and,
23	and let it be judged, you know, on, on the merits of what we
24	file.
25	JUDGE CHACHKIN: I, I don't well, you certainly can

1 make your filing.

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MR. FLEISCHMAN: And, and then --

3 JUDGE CHACHKIN: But, but there was a purpose that the 4 Commission that -- deciding not to reimburse these things, it 5 was meant that if challenges are serious about filing 6 competing applications then they should have to go through 7 with it and if they're not serious then they shouldn't file one or, or expect to receive any kind of money which the Commission felt was improper to, to, to permit them to be able 10 to reimburse -- if they're really serious they believe their application would serve the public interest and should be granted in lieu of the renewal of the applicant then they should prepare to go through the entire process and not use a challenging application as a means to obtain some funds -some money by forcing a settlement. That was the Commission's intent and I have seen nothing as of yet indicating that the Commission intends to change its policy. But you can go ahead and file what you want to file. Yes, Mr. Cohen? MR. COHEN: Your Honor, I -- the last thing I'm going to ever do is argue with you about that, but I think what, what the intention of the parties is, and I'm, and I'm sort of

22 back-stopping for my partner Mort Berfield who's unavoidably 23 away today, I think it's our intention to file with the 24 Commission and ask the Commission to grant the, the relief and we intend to make a substantial public interest

taking into account all of the factors you've just mentioned. And that's what the hope and intention of the parties is, to 2 3 file with the Commission. JUDGE CHACHKIN: Mr. Goldstein? 5 MR. GOLDSTEIN: Is it anticipated that there will be 6 documentation showing that the \$80,000 is equivalent to the 7 amount expended on the case? 8 MR. SCHAUBLE: Yes, Your Honor, absolutely. 9 MR. COHEN: The \$80,000 will be well, will be well 10 documented, you can be certain of that, Mr. Goldstein. 11 mean, we're aware of what the precedents are, we're aware of 12 what the law is so I mean we're not naive in this respect. 13 MR. GOLDSTEIN: No one is suggesting that, Mr. Cohen. 14 Well --JUDGE CHACHKIN: 15 Your Honor, before we -- you know, MR. FLEISCHMAN: 16 when we came to the conclusion of doing this we thought that 17 there was a substantial chance and a substantial likelihood 18 that we would get this, this grant. And in terms of the 19 public interest, we don't see where the public interest would 20 be served to have an applicant who is not interested in, in, 21 in proceeding forward and, and, and getting this license have to go through the process of, of, you, you know, using all the 22 23 resources of everyone here and the Commission if, if in fact 24 the desire is no longer there to have the facility. 25

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JUDGE CHACHKIN: But the point of the matter is, the

solution is very simple: they could dismiss their application, the question whether they should receive any monies for 2 dismissing their application, that seems to me the private 3 interest not the public interest is not benefiting. 4 Well, the public interest though is, MR. FLEISCHMAN: 5 6 is --JUDGE CHACHKIN: Well, you could say the public 7 interest is always benefiting when the -- when you don't have 8 9 a hearing, when you avoid hearing, but under that 10 circumstances that the whole purpose for the Commission 11 adopting the procedure did -- would, would, would have --12 would, would vanish. 13 MR. FLEISCHMAN: But it's further -- Your Honor, it's -- and again, I'm not being argumentative, but it's 14 15 further served if, if the applicant doesn't want to have the 16 facility why make it go through a hearing where, where 17 everyone -- all the resources are wasted and then to have 18 something there that, that --19 JUDGE CHACHKIN: Well, I, I, I said no one's compelling 20 the applicant to go through the hearing. The applicant can 21 dismiss its application anytime it wants. The question --22 only question remains whether the applicant should be allowed 23 to be reimbursed to any extent -- as having initiated 24 proceeding in the first place, for having filed an application 25 and prosecuted it. That's the question. The Commission

1	policy is pretty firm in that area and I assume the Commission
2	will have to determine whether they want to grant a waiver.
3	As I say, there is a pending case in another matter where
4	apparently a waiver request has been filed, at least that's
5	what I read in the press. I can't think of the circumstances
6	right now but there is something pending.
7	MR. HARDING: I believe, Your Honor, that there is no
8	formal papers on that matter.
9	JUDGE CHACHKIN: What matter is that, do you know?
10	MR. HARDING: NBC and WRC.
11	JUDGE CHACHKIN: Right, that's correct. The one, the
12	one involving Mr. Gadine (phonetic sp.) in Washington, D.C.,
13	apparently there's an attempt there by Mr. Gadine to also
14	receive a sum of money mainly consisting of his legal expenses
15	for his agreeing to dismiss its application is pending or
16	challenged application challenging the NBC affiliate in
17	Washington.
18	MR. FLEISCHMAN: But the circumstances there, Your
19	Honor, may be different from these circumstances.
20	JUDGE CHACHKIN: Why? What circumstances?
21	MR. FLEISCHMAN: Well, I don't know what the
22	circumstances are, but I mean there may be
23	JUDGE CHACHKIN: Apparently it's the same situation of
24	which they're willing to dismiss the application if they're
25	reimbursed which brings us back to what the situation the

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getting this into the record, your statement? You could file --2 MR. COLE: Well, I, I can submit it as -- with, with a 3 cover pleading just indicating this was distributed during the 4 5 pre-hearing conference and I'm submitting it so that the 6 record will have a copy of it. 7 JUDGE CHACHKIN: But of course this has nothing to do with the issues raised in the motion to dismiss and I assume 9 you're, you're defaulting as far as filing a response. 10 dealt with the question of whether or not you could come up 11 with an antenna. You can get a manufacturer to submit a 12 statement saying that your antenna was feasible and you 13 haven't addressed that. 14 I, I have not addressed that, Your Honor, MR. COLE: 15 no.

to the extent that the hearing designation order addressed 2 those points, it in effect gave me the opportunity or gave 3 Fidelio the opportunity to make its case at hearing on those 4 But as I say, you're, you're correct to the extent issues. that I have not responded to the motion to dismiss and to that 5 extent I have -- the record is -- has no, has no indication of 6 7 what Fidelio's position is in response. 8 JUDGE CHACHKIN: So, what, what do I gather from that, 9 that you, you have -- you, you're not going to --10 apparently you haven't filed a response, you're not opposing 11 the motion to dismiss --12 MR. COLE: To the extent it's a stay request we'd 13 oppose it.

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JUDGE CHACHKIN: And so I mean we don't even get to the stay request because the stay request has nothing to do with the, the, the questions raised in the motion to dismiss. I mean, there's no purpose for me to grant the stay request because I'd have to dismiss your application anyway. So at least you wouldn't be in a position to, to go forward with it. I mean, if you address, address the -- if you had addressed the concerns of the Commission concerning the engineering matters then you would be in a position it seems to me to argue for your stay request which I would have to consider on the merits. But since you haven't addressed that there's nothing for me to consider. This is moot.

MR. HARDING: Your Honor, we would strongly agree with that. Fidelio is in default by almost two months from, from the HDO, the requirements, not only as to the antenna but as to the filing of an environmental impact statement assessing the RF radiation problems posed by its proposal, addressing the historical landmark problems in its novel mounting of an antenna on, on the Chrysler Building, as well as in default on its response to our motion to dismiss, as well as in default on its filing a notice of publication. Obvious from this statement that they are not prepared to proceed forward in prosecuting this case and we would urge you to proceed forward on, on the merits of our motion to dismiss.

JUDGE CHACHKIN: Do you have any response, Mr. Cole?

MR. COLE: Well, Your Honor, I'm, I'm, I'm bound by
what my client has instructed me to distribute at the
hearing -- the pre-hearing and that's the statement and as I
understand Fidelio's position as indicated in the statement
they are not willing or prepared to proceed absent some stay
pending a disposition of the Court of Appeals matter.

JUDGE CHACHKIN: All right. Well then under those circumstances I have no choice but to dismiss the application -- and I will, will do so. So now we have a situation where we started the hearing with two competing

|dismiss, and that's where we are.

MR. GOLDSTEIN: Your Honor, you -- is there not a pending intervention request?

JUDGE CHACHKIN: There is a pending intervention request, of course, I have to rule on that, but there may not be a comparative renewal. Of course, if there are basic issues it wouldn't make any difference, obviously we'd still have to go forward, but if the two challengers leave and there are no basic issues then that would in effect terminate the hearing obviously.

MR. HARDING: And we think, Your Honor, that may -- the Fidelio development may affect the settlement posture and, and may provide an, an opportunity to -- in the context of a global settlement of the case we think that your discretion or the Commission's discretion may be somewhat different under the settlement policy.

JUDGE CHACHKIN: What difference does it make if there was one other applicant who filed on top? Either you have a policy or you don't have a policy. Obviously, if, if the Commission was concerned about settlements it wouldn't have adopted the policy it did. Obviously, you felt there were more important public interest considerations and, and that was the reason they adopted the policy. Now, it doesn't matter whether there's two competing applicants or one competing applicant. I mean, that wouldn't make any

1 difference. 2 Sir? MR. FLEISCHMAN: 3 JUDGE CHACHKIN: Yes? MR. FLEISCHMAN: I, I may be missing something, but 4 5 again, if, if, if Fidelio leaves and we're left in a comparative proceeding with, with an applicant, i.e. Class, 6 7 which doesn't want to have the facility and they're sort of 8 dragged along in this thing where they don't want it at the 9 end, then it doesn't seem to make any sense. 10 JUDGE CHACHKIN: Well, I don't know how you can say it doesn't make any sense. If, if they don't want the facility 11 12 they could always dismiss their application or you can move to 13 dismiss them if you feel they're -- that they're abusing the 14 Commission's processes or they're not prosecuting the 15 application. There are vehicles short of providing funds to 16 them, the Commission had that in mind when they adopted the policy and so I don't think it makes any different whether we 17 18 have one other applicant or two other applicants or a dozen 19 other applicants frankly.

1 Bureau's position as well. I think that's a safe bet, Your Honor. 2 MR. GOLDSTEIN: 3 JUDGE CHACHKIN: All right, in lieu of these interesting developments the next question is, is what do we 4 do about proceeding with discovery dates in the event that the 5 settlement agreement is not approved? And it's my intention, 6 7 frankly, to proceed with discovery. MR. HARDING: We have no objection to that, Your Honor. 8 JUDGE CHACHKIN: And then the -- I quess Class will 9 10 have to come up with the choice of whether or not it's worth 11 it pursuing it with the additional expenses with the 12 understanding they may not receive anything or they truly 13 don't want to -- don't want the, don't want the station they 14 always have the choice of dismissing their application at this 15 But I intend to proceed with discovery and establishing a procedural schedule. Now, the parties have 16 17 suggested portions of the procedural schedule here. Has the 18 Bureau had a chance to -- well, apparently the Bureau received 19 a copy of this. Do you have any comments on the procedural 20 schedule or any ideas of their own for a procedural schedule? 21 MR. GOLDSTEIN: No, we, we were consulted and advised 22 of the schedule and we have no objection to whatever ruling 23 Your Honor will make. 24 JUDGE CHACHKIN: All right. Under the schedule, 25 motions production of documents -- June 3rd date is

1	established for the filing of motion production of documents,
2	that date will be adopted. And depositions notices of
3	deposition within 20 days of the pre-hearing conference.
4	MR. SCHAUBLE: I believe that's also the June 3rd date,
5	Your Honor.
6	JUDGE CHACHKIN: Also the same date? All right. Now,
7	the parties described their production of documents will be 45
8	days after issuance of an order. What date did the party have
9	in mind for the actual taking of depositions? The date in
10	August? Is that
11	MR. WOOD: Your Honor, we've anticipated it would be
12	mid-August at a place to be established in New York City.
13	JUDGE CHACHKIN: Mid-August? Well, what about the
14	second week of August? That seems to be enough time.
15	MR. HARDING: That's fine.
16	MR. SCHAUBLE: No objection, Your Honor.
17	JUDGE CHACHKIN: How about August 9th taking of
18	deposition?
19	MR. WOOD: Under this schedule, Your Honor, we would
20	have the documents by mid- to late-July and the mid-August
21	date would seem to make a lot of sense.
22	JUDGE CHACHKIN: Well, we have a date of of
23	August 9th so the depositions themselves the taking
24	let's see, the taking of depositions is August 9th. The
25	documents obviously should be available before the taking of

depositions so it should be some day in July obviously. normal rules are within 14 days. Is there some reason why 2 3 we're asking for 45 days here? MR. WOOD: Yeah, Your Honor, if I may address that? 5 JUDGE CHACHKIN: Yes? 6 MR. WOOD: Forty-five days would seem generous for the challengers given that we're talking about new companies which 7 8 have recently been formed. For an incumbent licensee I think 9 the typical situation is that document production will be 10 quite burdensome. We're an ongoing business, we've had the

station for a full license term. There's any number of

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